

Pension Fund Investment Sub-Committee

11 December 2023

Pension Fund Governance Report

Recommendation

That the Pension Fund Investment Sub-Committee considers and comments on the items contained within the report and note the Border to Coast Policies contained within this Report.

1. Executive Summary

- 1.1 This report summarises the main governance issues currently affecting the Warwickshire Pension Fund. These areas include the Forward Plan, Risk Monitoring, updated Policies and Training.

2. Financial Implications

- 2.1 There are no financial implications arising directly from this report. Where changes to policies are recommended, any implications arising from those changes are covered in the body of the report.

3. Environmental Implications

- 3.1 As stated in previous Governance Reports, Climate Risk is identified as a key risk on the Fund's Risk Register.

4. Supporting Information

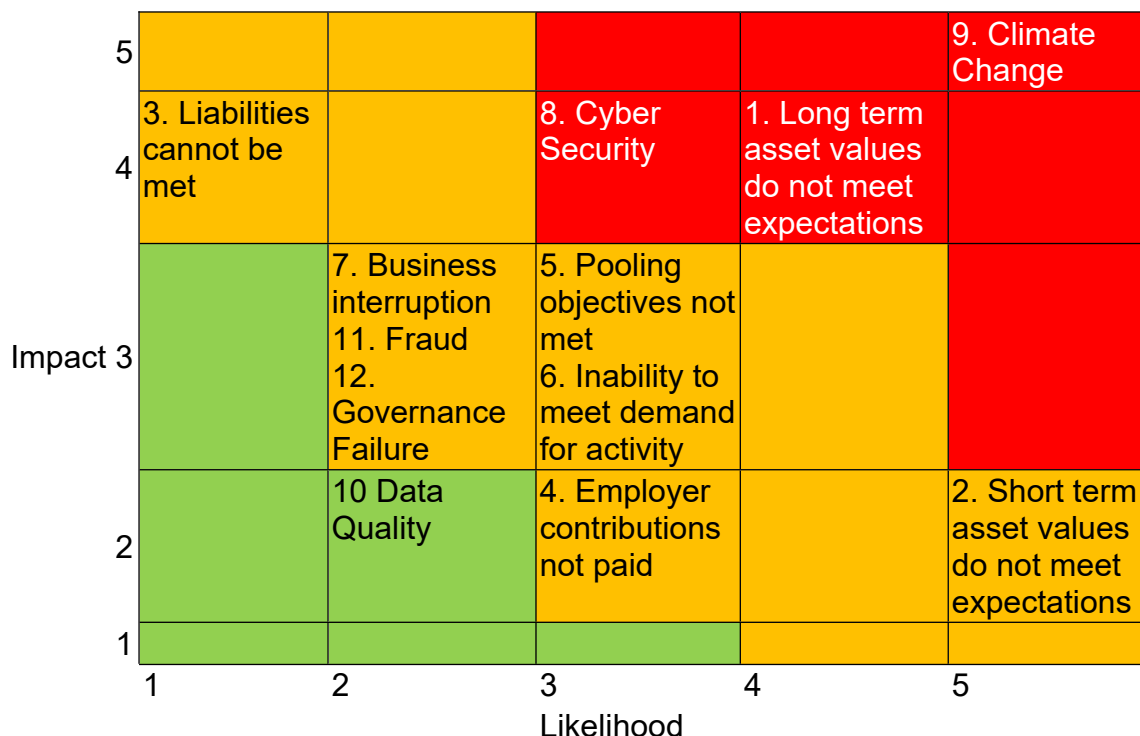
The Forward Plan

- 4.1 The purpose of including the Forward Plan in this Report is to provide an updated version of the document for the Pension Fund Investment Sub-Committee's review and awareness. It has been rolled forward to cover the year ahead. The Plan is set out (in Appendix 1) and the Committee's comments are welcomed.

Risk Monitoring

- 4.2 This section provides an update on the risks facing the Fund and the management actions necessary to address them.

- 4.3 As mentioned, and agreed in previous reports, the full Risk Register will be provided once a year at the June Committee via a link contained within this Report. It can of course be provided to Committee members at any point on request.
- 4.4 Fund Officers ask members to pay particular attention to the red risks shown on the register. They are Climate Change, Long Term Market Risk, and Cyber Security.
- 4.5 In January, officers will be reviewing the risk appetite levels used to inform the Risk Register and any changes will be reported to Committee in due course.
- 4.6 Several updates have been made to the commentary in the Risk Register but these have not altered any of the risk scores. They include reference to the following:
- Direct Debit developments that the Fund are developing to assist employers in the payment of their contributions.
 - The work Fund Officers are carrying out ahead of the Good Governance Review that will be published next year by the Scheme Advisory Board.
 - The work the new cross-unit 'Pension Cyber Security Team' are carrying out on Policy Review and setting up scenario testing to demonstrate how officers would deal with a cyber-attack if it occurred.
 - PFISC approval for the transfer of some assets to a low carbon index fund.
 - An audit of the Member Self-Service facility used by members on the Pension Administration software.
- 4.7 The Warwickshire Pension Fund's Net Risk chart is shown below:



Policies

- 4.8 The Fund's Training Policy has been reviewed by officers and it is felt that no changes are required to this document.
- 4.9 This Report also contains three policies from Border to Coast, that can be seen in

Appendices 2, 3 and 4. They are the Border to Coast Climate Change Policy, Responsible Investment Policy, and Governance and Voting Guidelines. Officers recommend that the Committee notes these Policies.

- 4.10 The Responsible Investment Policy (RI) and the Corporate Governance and Voting Guidelines were developed in 2017 in conjunction with the Partner Funds. A standalone Climate Change Policy was developed and published in 2021. All three policies are reviewed annually and updated as necessary through the appropriate governance channels. The process for review includes the participation of all the partner Funds.
- 4.11 All three policies have been evaluated by Robeco using the International Corporate Governance Network Global Governance Principles and to reflect changes in market best practice. Policies have also been reviewed against managers and asset powers seen to be RI leaders and the other seven LGPS pools. Responsible Investment workshops are held at regular intervals for the Partner Fund Officers and the Joint Committee to discuss RI topics and issues that may be included in the policy review.
- 4.12 The annual review and governance processes need to be completed, with policies approved and ready to be implemented ahead of the 2024 proxy voting season. Partner Fund Officers have provided feedback on the proposed revisions and suggested amendments. After the Board's review, they are being shared with the Joint Committee for discussion prior to review at Pension Committee meetings.

Training

- 4.13 Details of future training events, have been summarised in the table below:

Date	Training	Delivered by
31 January 2024	Club Vita (A summary of the information it provides to the Warwickshire Fund)	(Hymans Robertson)

- 4.14 The Knowledge and Skills progress assessment was launched in November and hopefully, the Committee was able to submit their responses.

5. Timescales associated with the decision and next steps.

- 5.1 There are no timescales associated with this Report.

Appendices

Appendix 1 – Forward Plan

Appendix 2 – Border to Coast Climate Change Policy

Appendix 3 – Border to Coast Responsible Investment Policy

Appendix 4 – Border to Coast Governance and Voting Guidelines

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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: Councillor Christopher Kettle and Councillor Bill Gifford